

NORTHERN WARREN FIRE AND  
EMERGENCY RESPONSE AGENCY

INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2015

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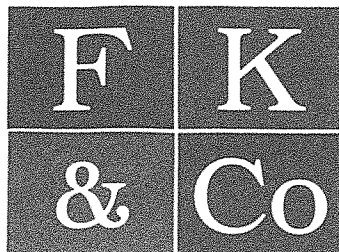
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NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>
Skip Phillips	President
Mark Fargo	Vice President
Greg Hoyt	Director
Barry McKibben	Director
Robert Lohrman	Director
Jim Jackovich	Director
Edee Brunia	Director
JoAnn McKibben	Secretary/Treasurer

Northern Warren Fire and Emergency Response Agency



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Northern Warren Fire and Emergency Response Agency:

Report on the Financial Statement

We have audited the accompanying financial statement of the Northern Warren Fire and Emergency Response Agency, Norwalk, Iowa, (Agency) as of and for the year ended June 30, 2015, and the related Notes to Financial Statement, which collectively comprise the Agency's financial statement listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

*Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit*

The financial statement referred to above does not include financial data for the Agency's legally separate component unit. Accounting principles applicable to the cash basis of accounting require financial data for the component unit to be reported with the financial data of the Agency's primary government unless the Agency also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Agency has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and the cash basis balances of the aggregate discretely presented component unit have not been determined.

### *Adverse Opinion on Aggregate Discretely Presented Component Unit*

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit” paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented component unit of the Agency as of June 30, 2015, or the changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### *Unmodified Opinions*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the Agency as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### Basis of Accounting

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### Other Matters

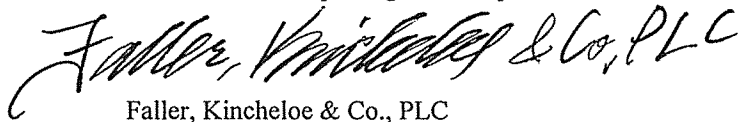
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the Agency’s financial statement. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statement.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2016 on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency’s internal control over financial reporting and compliance.

  
Faller, Kincheloe & Co., PLC

September 23, 2016  
Des Moines, Iowa

## Financial Statement

NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY  
Exhibit A  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BALANCES

As of and for the year ended June 30, 2015

Operating receipts:	
Township contributions	\$ 82,975
Benefited fire contributions	29,000
Ambulance fee	35,288
Miscellaneous	1,165
Total operating receipts	<u>148,428</u>
Operating disbursements:	
Buildings and ground repair and maintenance	3,279
Communications	2,939
Continuing education	1,290
Electric	5,161
Equipment repair and maintenance	5,236
Ambulance fees	10,979
Fuel and oil	4,758
Grant writing costs	4,250
Insurance	22,335
Medical supplies and uniforms	36,742
Office supplies	1,974
Personnel	14,669
Truck repair and maintenance	7,002
Miscellaneous	5,662
Total operating disbursements	<u>126,276</u>
Excess of operating receipts over operating disbursements	<u>22,152</u>
Non-operating receipts (disbursements):	
Rental of facilities	62,406
Refunds	9,635
Donations	550
Intergovernmental	71,250
Sale of equipment	3,258
Debt service	(53,753)
Capital outlay	(76,784)
Net non-operating receipts (disbursements)	<u>16,562</u>
Change in cash balances	38,714
Cash balances beginning of year	<u>133,669</u>
Cash balances end of year	<u><u>\$ 172,383</u></u>
<b>Cash Basis Fund Balances</b>	
Unrestricted	<u><u>\$ 172,383</u></u>

See notes to financial statement.



# NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

## NOTES TO FINANCIAL STATEMENT

June 30, 2015

### (1) Summary of Significant Accounting Policies

The Northern Warren Fire and Emergency Response Agency (Agency) was formed in 2001 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to save life and property from fire and render aid wherever possible in the event of an emergency in the community on behalf of the units of government which are members of the Agency.

The governing body of the Agency is composed of two representatives from each member, plus one director appointed by the other six directors. The Agency members are Bloomfield Township, Polk County; Greenfield Township, Warren County; and Greenfield Benefited Fire District, Warren County.

#### A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency.

These financial statements present the Agency (the primary government) and exclude the Agency's component unit. The component unit discussed below is not included in the Agency's reporting entity although its operational or financial relationship with the Agency is significant.

#### Excluded Component Unit

The Northern Warren Firefighter's Association was established under Chapter 504 of the Code of Iowa, is legally separate from the Agency, but has the potential to provide specific benefits to the Agency. The purpose of the Northern Warren Firefighter's Association is to support the activities of the Agency.

#### B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

#### C. Basis of Accounting

The Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Pooled Investments**

Because the Agency did not have a depository resolution, it is unclear if the Agency's deposits at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The Agency has no investment policy, as required by Chapter 12B.10B of the Code of Iowa.

It also appears the Agency invested in securities outside the State of Iowa, which is not allowed by Chapter 12C.4 of the Code of Iowa.

**(3) Loan Payable**

Annual debt service requirements to maturity for the building loan are as follows:

Year Ending June 30,	Building Loan		Total
	Principal	Interest	
2016	\$ 30,554	23,199	53,753
2017	31,977	21,776	53,753
2018	33,465	20,288	53,753
2019	35,024	18,729	53,753
2020	36,655	17,098	53,753
2021	354,978	15,392	370,370
	<u>\$ 522,653</u>	<u>116,482</u>	<u>639,135</u>

**Building Loan**

On June 16, 2011, the Agency entered into a loan agreement with a local bank to borrow \$630,000 to construct a building. The loan bears interest at a rate of 4.31% and matures on June 16, 2021. The Agency is currently making payments of \$4,479 per month, with a final scheduled payment of \$321,096 due on June 16, 2021. The loan will be repaid with funds obtained by the Agency from the members. The total loan principal balance at June 30, 2015 is \$522,653.

The building loan is secured by a promissory note from the Agency, mortgages, and an assignment of rents to the lender.

**(4) Operating Lease**

The Agency has entered into a lease on September 8, 2011 to lease copier equipment. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires on December 8, 2016. The District pays \$61 a month for this lease.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2015:

Year Ended June 30,	Amount
2016	\$ 732
2017	<u>365</u>
Total	<u>\$ 1,097</u>

Payments made under this lease agreement were \$732 during the year ended June 30, 2015.

**(5) Lease Agreements**

The Agency is currently leasing antenna space on its tower to United States Cellular (tenant) for \$959 per month. The Agency received \$12,468 from this lease during the year ended June 30, 2015. The Agency is scheduled to receive \$959 per month from this lease until November, 2017, with an additional five year renewal option. At the next renewal term, the base rent for this lease will be increased by the consumer price index amount over the previous year's base rent. Unless the tenant decides to terminate the lease, the Agency has to continue to lease the antenna space to the tenant until fiscal year 2022.

The Agency is currently leasing antenna space on its tower to New Cingular Wireless PCS (tenant) for \$862 per month. The Agency received \$12,075 from this lease during the year ended June 30, 2015. The Agency is scheduled to receive \$862 per month from this lease until October, 2015, with (3) additional five year renewal options. At the next renewal term, the base rent for this lease will be increased by 15% over the previous year's base rent. Unless the tenant decides to terminate the lease, the Agency has to continue to lease the antenna space to the tenant until fiscal year 2030.

The Agency is currently leasing antenna space on its tower to Verizon Wireless (tenant) for \$975 per month. The Agency received \$5,850 from this lease during the year ended June 30, 2015. The Agency is scheduled to receive a 3% increase in lease fees each year. The agreement also provides for (2) additional five year renewal options. Unless the tenant decides to terminate the lease, the Agency has to continue to lease the antenna space to the tenant until fiscal year 2030.

The Agency is currently leasing space in its station to Warren County. The Agency received \$13,894 from this lease during the year ended June 30, 2015. The Agency is scheduled to receive lease payments from Warren County until February, 2029. The lease payments from Warren County consist of \$625 per month plus interest on the remaining balance of future lease payments until February, 2029.

The Agency is currently leasing space in its old station to All Seasons HVAC. The Agency received \$17,400 from this lease during the year ended June 30, 2015. This lease agreement appears to be on a month to month basis.

The Agency also rents out its community room. Total rent received from the rent of the community room totaled \$720 during the year ended June 30, 2015.

**(6) Contract**

The Agency has a contract with Fraser Transportation, LLC to provide billing services and tiering contract services. This contract appears to be cancellable by either party with a 30 day written notice. The total amounts paid to Fraser Transportation, LLC were \$10,979 during the year ended June 30, 2015.

**(7) Risk Management**

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Subsequent Events**

The Agency has evaluated all subsequent events through September 23, 2016, the date the financial statement was available to be issued.

## Supplementary Information

## NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

Schedule 1

## SCHEDULE OF INDEBTEDNESS

Year ended June 30, 2015

Obligation	Date of Issue	Interest Rate	Amount Originally Issued
Building Loan	6-16-11	4.31%	\$ 630,000

Date of Issue	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
6-16-11	\$ 552,844	-	30,191	522,653	23,562	-

See accompanying independent auditor's report.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of the  
Northern Warren Fire and Emergency Response Agency:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statement of the Northern Warren Fire and Emergency Response Agency, Norwalk, Iowa (Agency), as of and for the year ended June 30, 2015, and the related Notes to Financial Statement, which collectively comprise the Agency's financial statement, and have issued our report thereon dated September 23, 2016. Our report expressed an unmodified opinion on the financial statement of the Agency, which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the aggregate discretely presented component unit due to the omission of the Northern Warren Firefighter's Association.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Agency's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A), (B), (C), (D) and (E) to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Agency's Responses to the Findings

The Agency's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Faller, Kincheloe & Co., PLC

September 23, 2016  
Des Moines, Iowa



NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

SCHEDULE OF FINDINGS

Year ended June 30, 2015

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. There is insufficient segregation of duties to prevent one individual from having control over each of the following areas for the Northern Warren Fire and Emergency Response Agency (Agency):

- 1) Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
- 2) Investments – detailed record keeping, custody and reconciling.
- 3) Long-term debt – recording and reconciling.
- 4) Receipts – collecting, depositing, posting and reconciling.
- 5) Accounting system – performing all general accounting functions and having custody of Agency assets.
- 6) Disbursements – preparing checks, signing checks and access to the accounting records.
- 7) Payroll – recordkeeping, preparation and distribution.

Recommendation – We realize with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including board members. Evidence of review of reconciliations should be indicated by initials of the independent reviewer and date of the review.

Response – We will attempt to implement this recommendation.

Conclusion – Response acknowledged.

- (B) Ambulance Billings – A private contractor provides billing and collection services for the ambulance service calls. However, the Agency does not prepare, or receive any documentation from the private contractor documenting a reconciliation of ambulance billings, collections and delinquencies.

It does not appear the Agency has a formal collection and delinquent write off policy in relation to the ambulance collections.

Recommendation – The Agency should obtain or prepare a monthly report which reconciles ambulance department billings, collections and delinquencies. In addition, procedures should be implemented to ensure all ambulance services are billed. Write-off of delinquent accounts should be approved by an independent person, and the Agency should implement a formal collection and delinquent write-off policy in relation to the ambulance department collections.

Response – The Agency will implement a formal collection and delinquent write-off policy in relation to the Ambulance collections. In addition, the Agency will prepare the necessary reports and reconciliation.

Conclusion – Response acknowledged.

- (C) Miscellaneous Receipts – It does not appear the Agency has procedures in place to ensure all monies due to them from the rental of the community center and from employee reimbursements are actually received.

NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

SCHEDULE OF FINDINGS

Year ended June 30, 2015

Recommendation – The Agency should implement procedures to ensure all monies due to them from the rental of the community center and from employee reimbursements are actually received by the Agency.

Response – We have been making a more diligent effort to ensure all monies due to us are actually received.

Conclusion – Response acknowledged.

- (D) Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient for Agency members to make management decisions, reporting financial data reliably in accordance with an other comprehensive basis of accounting (OCBOA) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including note disclosures. Due to the technical nature of these requirements, management does not prepare this information, which is a common situation in small entities.

Recommendation – Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare OCBOA financial statements.

Response – We will attempt to implement this recommendation.

Conclusion – Response acknowledged.

- (E) Accounting Procedures – An immediate listing of receipts are not prepared by the Agency. There is no formal approval of invoices prior to payment. In addition, there is no formal monthly approval of financial transactions by the Board of Directors.

Recommendation – The Agency should implement procedures to ensure immediate record of receipts are prepared for all monies received, all invoices are formally approved prior to payment, and the Board of Directors approve of all financial transactions at least on a monthly basis.

Response – We will attempt to implement this recommendation.

Conclusion – Response acknowledged.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

SCHEDULE OF FINDINGS

Year ended June 30, 2015

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Northern Warren Fire and Emergency Response Agency (Agency) money for travel expenses of spouses of Agency officials or employees were noted.
- (3) Agency Minutes – Agency minutes were not published, as required by Chapter 28E.6 of the Code of Iowa. Agency minutes did not always document the vote of each member, as required by Chapter 21.3 of the Code of Iowa. The Agency did not post the agenda, as required by Chapter 21.4 of the Code of Iowa. The Agency did not consistently follow the requirements of Chapter 21.5 of the Code of Iowa in relation to closed sessions.

Recommendation – The Agency should implement procedures to ensure Code of Iowa requirements are met in relation to publication of the Agency minutes, the votes of each member, posting of the agendas, and closed session requirements.

Response – These issues were not known that we had to perform the above procedures. All of the above will be implemented in the future.

Conclusion – Response acknowledged.

- (4) Deposits and Investments - Instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Agency's investment policy were noted.

A resolution naming official depositories has not been adopted by the Agency as required by Chapter 12C.2 of the Code of Iowa.

The Agency has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

It appears the Agency has monies invested outside the State of Iowa. Chapter 12C.4 of the Code of Iowa requires that all depositories be located in the State of Iowa. In addition, for part of the fiscal year the Agency had monies invested with a broker which do not appear to be allowable investments in accordance with Chapter 12B.10 of the Code of Iowa.

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Agency as required by Chapter 12C.2 of the Code of Iowa.

The Agency should adopt a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.

The Agency should ensure compliance with Chapter 12C.4 of the Code of Iowa which requires all depositories to be located in the State of Iowa. Also, the Agency should ensure compliance with Chapter 12B.10 of the Code of Iowa in relation to the types of investments owned.

Response – We will implement these recommendations.

Conclusion – Response acknowledged.

NORTHERN WARREN FIRE AND EMERGENCY RESPONSE AGENCY

SCHEDULE OF FINDINGS

Year ended June 30, 2015

- (5) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Agency to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Agency does not receive an image of the back of each cancelled check for its bank account.

Recommendation – The Agency should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- (6) Compensation – Individuals who work for the Agency currently are paid as independent contractors. It would appear that these individuals are employees who should be paid as employees, with all applicable taxes withheld, and the Agency contributing its share of the payroll taxes.

Recommendation – The Agency should review its procedures and determine if individuals who receive compensation should be paid as employees or independent contractors. If the individuals should be paid as employees, all applicable payroll withholdings and employer payroll taxes should be withheld and paid by the Agency.

Response – We will review this and take appropriate action.

Conclusion – Response acknowledged.